

2. Areas of Greatest Need

NSP3 Proposed Local Target Areas

(Refer back to http://www.missouridevelopment.org/topnavpages/Research%20Toolbox/BCS%20Programs/Community%20Development%20Block%20Grant/NSP3-Substantial_Amendment.html for Project Data, Program

Summaries and Maps)

[St. Louis County](#)

[St. Louis \(city\)](#)

[Independence](#)

[Raytown](#)

State Methodology for NSP3

The Dodd-Frank Wall Street Reform and Consumer Protection Act included an additional \$970 million of Neighborhood Stabilization program funding to continue to assist in the redevelopment of abandoned and foreclosed homes. The State of Missouri has been allocated \$5 million of this appropriation. The amount available to award, net of state administration of \$250,000, is \$4,750,000.

The Department of Economic Development (DED) solicited applications from jurisdictions with NSP3-eligible areas; this application was made available on December 2, 2010 with a due date of January 7, 2011.

HUD determined a foreclosure need score for each census tract and determined the minimum score for each state; for Missouri, census tracts scoring at least a 13 on foreclosure need were eligible for NSP3 funding. Only applications addressing these eligible census tracts were accepted for the State NSP3 program. All activities must benefit persons of low to moderate to middle income (LMMI, which is defined as persons with incomes at or below 120% of area median income), with a statutory requirement that at least 25% of the state's non-administrative allocation be used for activities that benefit persons at or below 50% of area median income.

A total of seven applications were received from jurisdictions containing eligible areas, totaling approximately \$13.6 million in requested NSP3 funds. As stated earlier, the State has \$4.75 million available to award. These applications were reviewed and evaluated by DED staff, and four applications have been selected for funding.

The complete list of applications received is:

Florissant	\$3,106,000
Harry S Truman Coordinating Council	\$421,000
Independence	\$2,779,875
Montgomery County	\$1,049,500
Raytown (inc. Grandview and Sugar Creek)	\$2,250,000
St. Louis County	\$2,500,000
St. Louis (city)	\$1,500,000

Determination of Areas of Greatest Need

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.

The State of Missouri solicited applications from jurisdictions containing eligible NSP3 areas. Following is the local determination of areas of greatest need:

St. Louis County

Priority 1

The County as a first priority will utilize its allocation of NSP 3 funds from the State to rehabilitate those properties mentioned above prior to financing the acquisition of any additional properties. The targeted areas for NSP 3 include within their boundaries, 13 of the homes previously acquired under NSP 1. These combined areas have a Total NSP 3 needs score of 16.28, the State of Missouri's minimum score being 13.

A summary of the target neighborhoods and their characteristics follows:

Jennings – This North St. Louis County municipality has the highest foreclosure rate in the State. The areas of the City we are targeting are areas that have a higher rate of homeownership, are mostly brick structures built in the late 1940's early 1950's, and of similar design. The higher incidence of foreclosure is occurring in areas where the housing stock design and construction vary. The neighborhood has a need score of 17.14. Trulia.com states an increase in the median sales price from 2009-2010 of 16.9%. Four properties were acquired under NSP1 in this neighborhood.

Total Housing Units to receive a mortgage between 2004 and 2007: 101
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 57.09
Percent of Housing Units 90 or more days delinquent or in foreclosure: 15.05
Number of Foreclosure Starts in past year: 8
Number of Housing Units Real Estate Owned July 2009 to June 2010: 4

Bissell Hills - This subdivision within the City of Bellefontaine Neighbors consists mainly of owner-occupied single family homes constructed post World War II. The neighborhood remains fairly stable, despite its need score of 16. Tight building codes enforced by the city have kept the neighborhood fairly strong, and work to improve the school district has made this neighborhood a target for homeownership. The median sales price is \$38,675. Three properties were acquired under NSP1 in this neighborhood

Total Housing Units to receive a mortgage between 2004 and 2007: 187
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 49.7
Percent of Housing Units 90 or more days delinquent or in foreclosure: 14
Number of Foreclosure Starts in past year: 14
Number of Housing Units Real Estate Owned July 2009 to June 2010: 8

Forestwood – This neighborhood within the City of Ferguson holds a high need score of 16. Efforts to strengthen the neighborhood at this stage will be targeted at strong well maintained rental, with some for sale. Mostly frame construction homes, built in the late 1950's, this fairly large neighborhood while still mostly owner-occupied, continues to be impacted by a high foreclosure rate. The City of Ferguson encourages rehabilitation and reconstruction efforts to increase square footage of rehabbed homes. Three properties were acquired under NSP1 in this neighborhood.

Total Housing Units to receive a mortgage between 2004 and 2007: 226
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 48.4
Percent of Housing Units 90 or more days delinquent or in foreclosure: 12.8
Number of Foreclosure Starts in past year: 15
Number of Housing Units Real Estate Owned July 2009 to June 2010: 8

Kirkland Fletcher - Older neighborhoods in Jennings and Normandy, most properties were built in the 1940's of both brick and frame construction. The neighborhood carries a needs score of 15. Just over half of residents in this targeted area earn incomes below 80% AMI. Two properties were acquired under NSP in this neighborhood for either sale or rental to families at or below 50% AMI.

Total Housing Units to receive a mortgage between 2004 and 2007: 15
Percent of Housing Units with a high cost mortgage between 2004 and 2007: 43.1
Percent of Housing Units 90 or more days delinquent or in foreclosure: 11.7
Number of Foreclosure Starts in past year: 1
Number of Housing Units Real Estate Owned July 2009 to June 2010: 0

Priority 2

The final priority for NSP 3 funds in St. Louis County is to continue to acquire, rehabilitate and redevelop foreclosed properties within these targeted areas. However, no funding for new acquisitions will occur unless program income is derived from the sale of the properties in Priority 1. If funding becomes available through the generation of program income, and the County uses these funds to acquire additional foreclosed units, the County will follow applicable acquisition and relocation regulations under the Uniform Relocation Act as well as Environmental Review Records, as required following the applicable rules.

The County's approach to the rehabilitation of NSP homes has been since NSP 1, to identify the worst property on the block, rehabilitate that property using the County's NSP Housing Standards. These standards include sustainability of the property for 10 -15 years for the most part, without the need to replace or repair any major system. Additionally, the standards encourage the use of green building practices, and with NSP3 funds, all properties will obtain Energy Star Qualified designations. The use of energy star rated appliances and windows, and energy saving features are outlined in the standards. The County also encourages developers to follow Universal Design Principles for accessibility.

By identifying and rehabilitating the worst property on the block, the County hopes to motivate neighbors to make improvements to their own properties that in turn will increase the stability of the block.

St. Louis County is a NSP3 entitlement, meaning they are a direct recipient of NSP3 funds from HUD. The County's direct allocation NSP3 Substantial Amendment is at the following link:

<http://ww5.stlouisco.com/plan/NSP/index.html>

St. Louis (city)

The City has a very low percentage of homeowners, and the sites targeted for NSP3 funding are largely single-family homes. St. Louis believes that the best use of the funds in the City is to increase affordable home ownership both as a direct benefit to the owner occupants and as a neighborhood stabilization strategy. The City anticipates the activities serving the lower income group will be rental.

St. Louis is a NSP3 entitlement, meaning they are a direct recipient of NSP3 funds from HUD. The City's direct allocation NSP3 Substantial Amendment will be available at the following link:

<http://stlouis.missouri.org/cda/>

Independence

The priority target area for Independence NSP3 activities is located in Census Block Group 112.4, and for the purposes of this application will be referred to as the Union and Cottage Redevelopment Area. According to the 2000 census data, area housing is 66% rental. The median household income of the area is \$34,609 with 94% of households being at or below 120% AMI and 62.7% at or below 80%. (See *Attachment B: HUD NSP3 Planning Data sheet for a complete profile of the target area*)

The target area housing stock to be addressed during neighborhood stabilization includes 33 ca. 1960 two-story duplexes (66 units) originally developed for rental housing. All are basically designed as 2 bedrooms, 1 bath units, with some units having basements which provide washer/dryer connection for the tenant. Occupied units are currently renting for \$525-\$575 a month. All of the occupied units have maintenance issues, and many are actually substandard. There are currently 14 known vacant buildings (28 units) along Union and Cottage Streets, most of which have either been foreclosed and/or have had multiple owners over that last couple of years. (See *Attachment C: Union & Cottage Redevelopment Area Photographs*)

Beyond the significant concentration of vacancies and foreclosures, the Union and Cottage Redevelopment Area has become a priority for stabilization for a number of reasons. In the past few years, the City has received numerous complaints and calls for assistance from both area residents, and elementary school officials serving this neighborhood. There has been an expressed concern for increasing issues surrounding foreclosures, vacancies, deferred maintenance, neighborhood blight, and more serious social issues in the area. According to school district officials, with access to affordable rental housing being somewhat limited, many families are continuing to reside in these substandard, and overpriced, units in order to keep their kids in area schools. Many of these families have very little or poor credit.

Additionally, the Union and Cottage Redevelopment Area is located west, and immediately adjacent to the primary entrance of the Harry S Truman Presidential Library and National Historic Landmark District. As the primary pillar of Independence's tourism industry, the Truman District sees more than 70,000 visitors each year. The City and its partners have invested a significant amount of public and private funds in improving both the appearance and the public amenities surrounding this neighborhood. Redevelopment of existing affordable housing in the area would insure that many low and very-low income families will benefit from the immediate availability of cultural and recreational opportunities including: the new and improved McCoy Park, which includes a spray park, playground equipment and miscellaneous sports facilities for children and youth; a newly renovated and state of the art public library; the newly renovated Truman Presidential Library and Museum; emergency services offered through Independence Fire Station #1; and a variety of basic services including public transportation, grocery and retail stores, and restaurant facilities, all located within a short walking distance of area.

Should neighborhood stabilization in the Union and Cottage Redevelopment Area be limited in terms of the availability of eligible and voluntary property acquisitions, the City will focus any remaining NSP3 funding resources in the Mount Washington Neighborhood in Census Block Group 110.3. This area can be characterized as 41% rental housing, with 90.72% of households being at or below 120% AMI, and 71.56% at or below 80% AMI. *(See Attachment B: HUD NSP3 Planning Data)*

The Mount Washington Neighborhood is a sound candidate for neighborhood stabilization based on its close proximity to other significant federal, state and local investments including the NSP1 funded Overton Street Neighborhood Stabilization Project and the Norledge Place Redevelopment Area. The Mount Washington Neighborhood offers immediate opportunities for concentrated acquisition and rehabilitation of single family homes for rental or lease-purchase; and also acquisition and redevelopment of the former Mount Washington School for senior housing benefiting low and very-low income households. Developer partners, both for-profit and non-profit, are committed to revitalization in this area and have expressed a need and readiness to utilize any available NSP3 resources.

Raytown

Raytown is a multijurisdictional application that includes NSP3 eligible areas in Grandview and Sugar Creek. Each community selected the target area that could best achieve the identified NSP3 goals and selected neighborhoods with a good selection of properties to acquire and rehabilitate for both the 120% and 50% income groups. Additionally, Grandview selected a platted subdivision to jumpstart. The infrastructure had been installed prior to foreclosure by the lender.

Rental properties are available in the market and represent 38% of total occupied housing in Grandview and 24% in both Raytown and Sugar Creek. Raytown, Grandview and Sugar Creek are not addressing rental with NSP3, due to the availability of rental units for these income groups. These communities have focused NSP3 to improve the opportunities for home ownership providing a more positive opportunity for both families and the target neighborhoods.